

Message Text

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16

ACTION EA-14

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12 LAB-06

SIL-01 OPR-02 L-03 H-02 PA-03 PRS-01 USIA-12 PM-09

T-03 RSR-01 /158 W

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R 190815 Z MAR 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3868

INFO SECDEF

CINCPAC

CINCPACAF

CINCPACFLT

CINCPACREPPHIL

CG 13 TH AF

C O N F I D E N T I A L MANILA 3128

CINCPAC FOR POLAD

E. O. 11652: GDS

TAGS: MARR, RP

SUBJECT: 1971-72 MBA WORKING GROUP TALKS : REVIEW OF STATUS

OF NON- AGREED ARTICLES: ART. XII (TAX EXEMPTIONS) -

TRANSMITTAL OF PHIL DRAFT ART. XII TABLED ON 12/9/71

REF: MANILA 3127

1. THE FOLLOWING DRAFT WAS TABLED BY THE GOP MBA WORKING GROUP PANEL 12/9/71: QUOTE NO MEMBER OF THE US ARMED FORCES, EXCEPT PHIL CITIZENS, SERVING IN THE PHILS IN CONNECTION WITH THE BASES AND RESIDING IN THE PHILS BY REASON ONLY OF SUCH SERVICE, OR HIS DEPENDENTS, SHALL BE LIABLE TO PAY INCOME TAX IN THE PHILS EXCEPT IN RESPECT OF INCOME DERIVED FROM PHIL SOURCES. FOR PURPOSES OF
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THIS PARA SALARIES OR EMOLUMENTS RECEIVED BY DEPENDENTS OF MEMBERS OF THE US ARMED FORCES WORKING OR EMPLOYED IN THE BASES SHALL BE CONSIDERED INCOME FROM PHIL SOURCES.

2. NO NATIONAL OF THE US SERVING IN OR EMPLOYED IN THE PHILS IN CONNECTION WITH THE CONSTRUCTION, MAINTENANCE, OPERATION OR DEFENSE OF THE BASES AND RESIDING IN THE PHILS BY REASON ONLY OF SUCH EMPLOYMENT OR HIS SPOUSE AND MINOR CHILDREN SHALL BE LIABLE TO PAY INCOME TAX IN THE PHILS EXCEPT IN RESPECT OF INCOME DERIVED FROM PHIL SOURCES OR SOURCES OTHER THAN THE US SOURCES. HOWEVER, NATIONALS OF THE US WHO WERE BORN AND/ OR WERE RESIDING IN THE PHILS PRIOR TO EMPLOYMENT OR SERVICE IN THE BASES ARE SUBJECT TO PHIL INCOME TAXES.

3. NO PERSON REFERRED TO IN PARAS 1 AND 2 OF THIS ARTICLE SHALL BE LIABLE TO PAY TO THE GOVT OR LOCAL AUTHORITIES OF THE PHILS ANY POLL OR RESIDENCE TAX, OR ANY IMPORT OR EXPORT DUTY OR ANY OTHER TAX ON PERSONAL PROPERTY. ON GOODS AGREED UPON BY BOTH GOVTS TO BE CONTROLLED COMMODITIES IMPORTED FOR HIS OWN USE UPON HIS FIRST ARRIVAL IN THE PHILS OR WITHIN 120 DAYS BY REASON OF HIS SERVICE AND EMPLOYMENT; PROVIDED THAT PRIVATELY- OWNED VEHICLES SHALL BE SUBJECT TO PAYMENT OF THE NORMAL LICENSE PLATE AND REGISTRATION FEES. NATIONALS OF THE US WHO WERE BORN AND/ OR RESIDING IN THE PHILS PRIOR TO EMPLOYMENT OR SERVICE IN THE BASES ARE NOT ENTITLED TO ANY EXEMPTION UNDER THIS PARA. UNQUOTE. PARA 4 OF 1947 MBA IS DELETED.

4. COMMENT: THE UNACCEPTABLE FEATURES OF THIS DRAFT WERE ANALYZED IN MANILA 572 (DTG 190746 Z JAN 1972), AND A SUBSEQUENT DRAFT PRODUCED BY THE TAXATION SUBCOMMITTEE OF THE US- RP MBA WORKING GROUP WAS TRANSMITTED IN MANILA 571 (DTG 190747 Z JAN 1972).
BYROADE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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TAGS: MARR, RP
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